

# News

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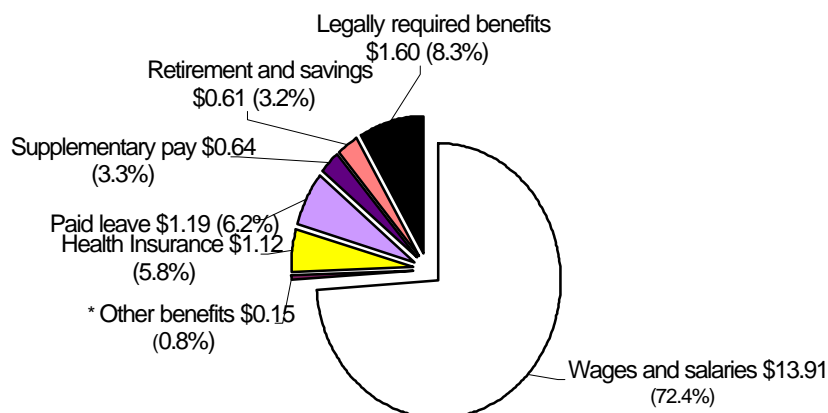
## **Employer Costs for Employee Compensation Midwest Region - March 2000**

Employer costs for employee compensation of private industry workers in the Midwest averaged \$19.22 per hour worked in March 2000, according to the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Bob Gaddie reported that wages and salaries averaged \$13.91 per hour and accounted for 72.4 percent of these costs. Benefits comprised the remaining 27.7 percent of total compensation costs and averaged \$5.32.

Legally required benefits averaged \$1.60 per hour (8.3 percent of total compensation) and represented the largest non-wage employer cost. Employer costs for insurance benefits averaged \$1.23 per hour worked (6.4 percent); paid leave benefits averaged \$1.19 (6.2 percent); and retirement and savings benefits averaged 61 cents (3.2 percent). (See chart 1.)

\*For this chart Other benefits include the Other benefits from Table 1, plus life, short term disability, and long term disability insurance.

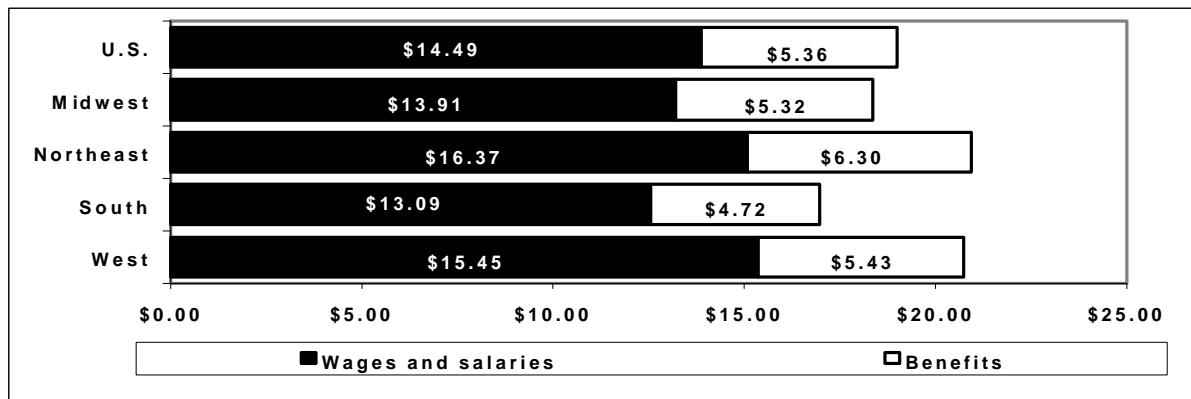
**Chart 1. Employer cost per hour worked,  
Midwest region, private industry, March 2000.**



### Regional variations

In the other three regions of the country, hourly compensation costs averaged \$22.67 in the Northeast, \$20.88 in the West, and \$17.81 in the South. Employer costs for wages and salaries in these regions were \$16.37 in the Northeast, \$15.45 in the West, and \$13.09 in the South. Nationally, compensation costs averaged \$19.85 with wages and salaries accounting for \$14.49. (See chart 2.)

**Chart 2. Employer costs per hour worked for employee compensation, private industry, March 2000**



The proportion of employer compensation costs represented by benefits was 27.8 percent in the Northeast, virtually the same as in the Midwest. Benefit costs averaged 26.5 percent in the South and 26.0 percent in the West. Nationwide, benefit costs accounted for 27.0 percent of total compensation cost.

### Ten Year Comparison

Over the past ten years, March 1990-2000, employer costs for employee compensation increased 31.5 percent in the Midwest--the slowest growth among the four regions. The South recorded the fastest growth at 34.7 percent, followed by the Northeast, 33.2 percent, and the West, 32.7 percent. Total compensation costs grew 32.7 percent on average across the country.

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### Explanatory Notes

Employer costs for employee compensation is a measure of the average cost per hour worked to employers for wages and salaries and benefits. Employer costs for employee compensation cover all occupations in private industry, excluding farms and households. These cost levels are published annually and are based on compensation cost data for the payroll period that includes March 12<sup>th</sup> as the reference period. The March 2000 levels of employer costs for employee compensation were calculated using March 2000 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 1999 universe of all private nonfarm establishments.

Wages and salaries are defined as the hourly straight-time wage rate, or for workers not paid on an hourly basis, straight-time earnings divided by corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, non-production bonuses, and lump-sum payments provided in lieu of wage increases. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered are: paid leave -- vacations, holidays, sick leave, and other leave; supplemental pay -- premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage

increases; insurance benefits -- life, health, short-term disability, and long-term disability insurance; retirement and savings benefits -- defined benefit and defined contribution plans; legally required benefits -- Social Security (OASDI and Medicare), Federal and state unemployment insurance, and workers' compensation; and other benefits -- severance pay and supplemental unemployment plans.

The Bureau of Labor Statistics is expanding the definition of nonproduction bonuses to better represent the compensation packages offered to employees. In March 2001, the ECEC will include hiring and referral bonuses, in addition to the traditional types of nonproduction bonuses such as attendance bonuses and lump sum payments. Hiring bonuses are payments made by the employer to induce an individual to accept employment; referral bonuses are made by the employer to the employee for recommending an applicant who is hired by the establishment.

Information on compensation cost trends over time are available in the Bureau of Labor Statistics report on the Employer Cost for Employee Compensation, 1986-99, Bulletin 2526 and the Employment Cost Indexes, 1975-98, Bulletin 2514. Information on the incidence and detailed provisions of selected employee benefit plans is published in Employee Benefits in Medium and Large Establishments, 1997, Bulletin 2517, Employee Benefits in Small Private Establishments, 1996, Bulletin 2507, and Employee Benefits in State and Local Governments, 1994, Bulletin 2477. Copies of these Bulletins are available on the Bureau's Internet site at <http://stats.bls.gov/ebshome.htm>. Employment Cost Index data is available at <http://stats.bls.gov/ecthome.htm>.

Printed copies of these surveys are available for purchase from the Bureau of Labor Statistics, Publications Sales Center, P. O. Box 2145, Chicago, IL 60690. Telephone orders using a credit card (MasterCard, Visa or Discover/NOVUS) or GPO Deposit Account may be placed between 8:00 AM and 3:00 PM Central Time at (312) 353-1880.

Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation, private industry workers, March 2000

Compensation component	U.S. Average		Region (1)							
			Midwest		Northeast		South		West	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation .....	\$19.85	100.0	\$19.22	100.0	\$22.67	100.0	\$17.81	100.0	\$20.88	100.0
Wages and salaries .....	14.49	73.0	13.91	72.4	16.37	72.2	13.09	73.5	15.45	74.0
Total benefits .....	5.36	27.0	5.32	27.7	6.30	27.8	4.72	26.5	5.43	26.0
Paid leave .....	1.28	6.4	1.19	6.2	1.64	7.2	1.08	6.1	1.33	6.4
Vacation .....	.63	3.2	.59	3.1	.81	3.6	.54	3.0	.64	3.1
Holiday .....	.44	2.2	.41	2.1	.55	2.4	.37	2.1	.47	2.3
Sick .....	.15	.8	.12	.6	.20	.9	.13	.7	.17	.8
Other .....	.06	.3	.06	.3	.07	.3	.05	.3	.05	.2
Supplemental pay .....	.60	3.0	.64	3.3	.71	3.1	.53	3.0	.54	2.6
Premium (2) .....	.24	1.2	.31	1.6	.19	.8	.22	1.2	.21	1.0
Shift differentials .....	.05	.3	.07	.4	.05	.2	.04	.2	.04	.2
Nonproduction bonuses .	.31	1.6	.27	1.4	.46	2.0	.27	1.5	.29	1.4
Insurance	1.19	6.0	1.23	6.4	1.40	6.2	1.06	6.0	1.14	5.5
Life .....	.04	.2	.05	.3	.05	.2	.04	.2	.04	.2
Health .....	1.09	5.5	1.12	5.8	1.27	5.6	.96	5.4	1.05	5.0
Short-term disability (3) .	.04	.2	.04	.2	.05	.2	.03	.2	.02	.1
Long-term disability .....	.03	.2	.02	.1	.03	.1	.03	.2	.03	.1
Retirement and savings ....	.59	3.0	.61	3.2	.67	3.0	.51	2.9	.61	2.9
Defined benefit .....	.23	1.2	.27	1.4	.25	1.1	.18	1.0	.25	1.2
Defined contribution .....	.36	1.8	.34	1.8	.42	1.9	.33	1.9	.36	1.7
Legally required benefits ...	1.67	8.4	1.60	8.3	1.85	8.2	1.53	8.6	1.79	8.6
Social Security(4) .....	1.20	6.0	1.17	6.1	1.32	5.8	1.10	6.2	1.28	6.1
OASDI .....	.97	4.9	.94	4.9	1.05	4.6	.89	5.0	1.02	4.9
Medicare .....	.24	1.2	.23	1.2	.27	1.2	.22	1.2	.25	1.2
Federal unemployment insurance .....	.03	.2	.03	.2	.03	.1	.03	.2	.03	.1
State unemployment Insurance .....	.10	.5	.09	.5	.16	.7	.06	.3	.12	.6
Workers' compensation .	.33	1.7	.31	1.6	.34	1.5	.33	1.9	.37	1.8
Other benefits (5) .....	.03	.2	.04	.2	.03	.1	.02	.1	.02	.1

(1) The regional coverage is as follows:

Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio,

South Dakota, and Wisconsin;

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania,

Rhode Island, and Vermont;

South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia;

West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah,

Washington, and Wyoming.

(2) Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

(3) Short-term disability (previously, sickness and accident insurance) includes all insured, self-insured, and state-mandated plans that provide benefits for each disability, including unfunded plans.

(4) The total employer's cost for Social Security is comprised of an OASDI portion and a Medicare portion. OASDI is the acronym for Old-Age, Survivors, and Disability Insurance.

(5) Includes severance pay and supplemental unemployment benefits.

Note: The sum of individual items may not equal totals due to rounding.